

# **EXHIBIT 55**

**From:** jill-yy@163.com

**Sent:** Thursday, January 18, 2007 3:51 AM

**To:** yangsj; Yang Sheng Jen - Sales Assistant Vice President

**Subject:** □辨Θ□?癰

**Attachments:** ??理??Conferenceminutes20061121.doc; ??例????料 ( 06-12-21 ) .doc

**Exhibit**  
**Wang 8568**  
Wang Zhaojie - V1



June 20, 2012

**Certification**

**Park IP Translations**

This is to certify that the attached translation is, to the best of my knowledge and belief, a true and accurate translation from Chinese into English of the document with bates numbers range:  
CHU00102752E - CHU00102754.

A handwritten signature in black ink, reading 'Abraham I. Holczer', is positioned above a horizontal line.

Abraham I. Holczer

Project Manager

[TRANSLATION]

**Meeting Minutes of 2006 Color Tube Industry Presidents' Meeting**

Meeting date: November 21, 2006

Meeting location: Shanghai, Huaxia Hotel

Attending companies and personnel:

|                    |  |
|--------------------|--|
| BMCC:              | Wenchiang Fan, Heng Zheng Guang Ze [Japanese name in Chinese phonetics], Dalin Li, Yongchun Chi, Liman Lu, Hai Huang |
| Xianyang Irico:    | Xiaolin Shen   |
| SEG Hitachi:       | Guojun Yang, Jianmin Huang, Peng Guo   |
| Changsha Shuguang: | Yaping Yang, Jing Feng   |
| LPD:               | Zaiguan Han, Yingyuan Lu, Jiangnan Ding  |
| Nanjing Huafei:    | Jianzhong Sheng, Dezhu Zhang, Minghui Xu   |
| Novel:             | Wei Sun, Lei Lee, Qing Ye  |
| Samsung SDI:       | Hoo Mok Ha, Chong Huan Lee, Yun Xie, Jing Wen [Korean names in Chinese phonetics].                                   |
| Thomson:           | Dade Han, Peng Xin   |
| Xin Jun:           | Xiangjie Hang, Zhiwei Wang   |

Main content:

Chief Secretary Yang chaired the meeting and begun with opening speech.

Chief Fan spoke: This Presidents' meeting is a key meeting; each of us are here to discuss and study about next year's market trend, strive for stability of the environment and seeking a industry of healthy development.

**Agenda I: Information collector reported the current color TV and color tube industry condition and forecast of the future market (Details refer to *PPT*).**

Chief Secretary Yang: As for the market reports from the information collectors, the following comments were mentioned: In future market reports, impact analysis on *CRT* to color television in flat color television market should be included: In 2007, the *CRT* capacity increase will create significant problems for the sale of *CRT*s, reason being the extremely shortage of materials, glass bulbs price increase due to capacity decrease. Screen capacity decrease by 15.9%, cone capacity reduced by 19.3%. Currently, the issue in which requires urgent resolution is how should *CRT* be developed from now on? How to limit production and protect prices? In order to keep profitability, the *CRT* market in 2007 should realize optimization of capacity and does not need to produce in large volume. Based on understanding, there are a few *LCD* lines starting to expand capacity. *32LCD* screen price reduced by 10%--comparing to the previous *34FS*, the price is even lower. Therefore, the suggestion is: while facing the

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Translator's remarks are indicated in brackets [ ].

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Translation

worsening market of *Q1* in 2007 and the declined exports in Christmas 2006, and with next year's Chinese new year being later than usual, color tubes sales will have a longer slow season, the pressure on sales is significant, but, in *Q2* this year, some color tube companies dumped their color tubes with low prices, currently, the color television makers are still digesting these inventories, the impact is very bad. Therefore, it is recommended to the color tube makers to take more action on realistic issues for the sake of the customers and the market.

**Agenda II: How to go into in-depth communication among the Color Tube Industry and together face the challenge of *Q4* 2006 and *Q1* 2007?**

Chief Secretary Yang: As far as *Q4* 2006 and *Q1* 2007 market condition are concerned, how to have self-discipline in the industry? How to respond to *Q1* 2007 while maintaining *Q4* pricing,? Chief Secretary asked for comments from respective companies:

BMCC Heng Zhen: it is more difficult in *Q4* 2006, end of 2005 and beginning of 2006 around Chinese New Year. Production has been adjusted based on what was agreed upon. As far as the added capacities are concerned, how will respective makers collectively resolve this issue? Most important issue is that respective makers should categorize production types.

Samsung Ha: *Q4* 2006 will be over soon, what is more important is to focus on *Q1* 2007 condition. Samsung group's policy is to transfer business unit leaders each year at the beginning of each year, I hope I will not be responsible for the sales of color tubes of China next year. Based on internal information of Samsung, it is shown that 2010 China domestic *LCD* demand exceeded 20M. Currently, domestic *CTV* demand is less than 40M, domestic color tube capacity is over 70M. As to the publicly announced information, Chunghwa Picture Tubes converted 3 production lines, Samsung has no plan currently, I would like to listen to all of your opinion. As for the current supply and demand conditions, respective color tube makers should have mutual information exchanges for the profitability of the company and to jointly formulate a good plan. There is room for reduction on *LCD* cost, but *CRT* material costs are not optimistic. *CRT* industry should consider these elements: strengthen information communication for the overall industry chain. Based on *SDI* internal analysis, *CDT* price was reduced 14%, but the cost only reduced 3%. It is expected that *CPT* will face similar situation as *CDT*. Therefore, it is hereby suggested that makers should seek cooperation in pricing, and jointly resolve the issue of pricing on materials.

Shuguang Yang: In 2007, the company's business plan indicated that corresponding to the decrease in 2006, *Q1* 2007 cost should increase, it was estimated that the price will not be maintained. As for 2007

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Q1, when talking about production limits, gray inventory is very large, the reliability and accuracy of said data is yet to be verified. Based on understanding, some of the domestic major color television factories have heavy inventories, normal production can be maintained even if they did not make any purchases for two months.

Chief Secretary Yang: In October 2006, *CPT* production volume was 6.55Mpcs, what should be the production volume in January 2007 in order to satisfy the market, maintain the price and maintaining inventory?

Shuguang Yang: Large screen *LCD* price dropped, under 32 and 34, *CRT* will all be impacted and be pressured.

Samsung Ha: Q1 condition is worrisome, we need to resolve this during our meeting, whether we can sustain our prices until the end of the year requires industry to take proper measures.

Huafei Sheng: Facing the impact by *LCD*, the industry should reconsider the production limits to protect pricing as suggested before. At the same time of maintaining prices, whether it will provide more entry opportunities for the newly jointed makers, and under these circumstances, we should increase exports and resist imports. Q3 2006 industry price increase has brought opportunities for imports, long term consideration should be given as to how to get them to back out. Based on the experience from past years, production is usually greater than sales in the first half of the year, and the second half of the year would have sales greater than production. Based on past experience, respective color tube makers would convert line to speed up production, how should that be controlled?

Irico Sheng: Production limits—if the production is stopped, it will bring opportunities for the new *CPT* factories, how should the industry resist imports? Currently Irico is expanding exports, expecting to export 6M this year. Based on understanding, Northern Europe and Central Europe regions do not have any concept on flat screen yet, the main stream is still *CRTs*. *CRT* market allocation is 70%-80%, flat screen 20% or so. Based on understanding, Northern Europe has 24M *CRT* color television demands. Production limits and price limits are less probable in China. Prices would be loosen just because entering into a slow season, *CTV* makers know the trend and implemented price squeeze strategy. How can the industry have a healthy development? I would like to clarify, currently Irico *K* line has no production plan for the time being due to cost considerations. 28/29 inches will be produced on the old lines.

Thomson Han: Color tube makers are being sandwiched between the suppliers and the customers: the upstream materials continues to increase, downstream *CTV* factories are continually squeezing prices. If the production is limited to protect the price, it will provide opportunities for the newcomers and import tubes. Currently, there is no better way than limit production to cure the condition of oversupply. Dongguan factory ceased production 7 days in November, it is not because of lack of sales, and it was because we did not want to produce too much, hoping to control prices. Q1 2007 market is very tough, primary opportunity would be to export. Currently China region capacity is increasing, but capacity in other regions

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worldwide is decreasing. Based on understanding, Western Europe will have demands of 12M-15M next year, part of them will be supplied from China, also agreeable to limit production to protect the price.

Novel Sun: I suggest respective makers study the issues in the market report generated by the information collectors: 1. Provide resolution to respond to the issues for *Q4* 2006 and *Q1* 2007 market, the reason for increased inventories, and why is capacity being added? 2. How to resolve the issue on newly added capacity?

Chief Fan: Regarding EU's anti-dumping, the two makers being sued have already bankrupted. *CRT* production volume in Europe is 11M, among which Thomson has 6M, Samsung 5M, but the demands for Western Europe market is 15M, Russian market demand is 10M.

As for the anti-dumping suit for China's color tubes export to Europe has been dismissed (11/16), but the color television restriction has not been cancelled. If the color televisions are using color tubes from China, whether it is under the restriction is yet to be studied. Since *LCD*'s power consumption is three times as much as *CRT*, UK suggested to sell color television in different levels, and set *LCD* color television as level 3. As to the newly added capacity for Chunghwa and Changzhou Baoma, a strategy can be discussed to categorize them into types.

Xinjun Yang: Regarding to communicate with the newcomers in the industry, should we use conversational format?

Chief Secretary Yang: Changzhou Baoma infringed intellectual property; it is not possible for them to create impact for the industry. As for CPTF, the country was exporting all *CDT* made initially, now Fuzhou can do *CPT* business, and is a major shareholder of Huaxia, the industry hopes to be able to send representative to discuss with them and invite them into the industry to unify standards. Whether CPTM will decrease production, and do they have in-depth understanding of the impact on worldwide market? The reason for the trade differential came from Malaysia is that they shipped the tubes to China, and put them into a set for export, 12% tariff was applied.

Chief Fan, What changes are there for the capacity of CPTM?

Samsung Ha: According to my understanding, CPTM stopped one line, CPTF opened 3 lines, SDIM stopped 1 line in December.

Chief Secretary Yang: The purpose for this meeting is to hope that makers will not suffer a loss by the end of the year, I would suggest to use the strategy of production limitation to protect prices. As far as what was mentioned in the information collectors' report regarding newly added capacity, we will not consider Irico and Changzhou Baoma for the time being, and we will invite CPTF into the industry.

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**Agenda III: What is the opinion from respective makers regarding inventory increases, what is your view on *Q1* 2007?**

Xinjun Yang: Limit production to protect prices in *Q1* 2007, and reconsider total input volume for *Q1* market.

Chief Secretary Yang: Setup production based on sales and do not expand production blindly.

Irico Shen: I would suggest to stop production during Chinese New Year holiday period, with a win/win situation for the company and the employees.

Samsung Ha: Character of slow season: Oversupply, *CTV* factory gets large order (unit price for large order is dropped more than 5%), sign low price contract with *CPT* factory.

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If these types of large orders are accepted, sacrificing industry price will bring significant impact for industry development. When the industry operating environment is not favorable, *CTV* makers' will make harsher demands; for example, Changhong *VMI*'s payment method, such *VMI* methods may change payment due date which will severely impact the healthy development of the industry.

#### **Agenda IV: How to deal with the trend of Q4 materials procurement?**

Chief Secretary Yang:

|  |                                      |
|--|--------------------------------------|
| Screen capacity reduced by 23.7%           | Cone capacity reduced by 19.3%       |
| Anci stopped 11 lines and started 14 lines | Anci stopped 4 lines                 |
| Xu Electronics stopped 2 lines             | Changsha stopped 1 line              |
| Shijiazhuang stopped 1 line                | Shijiazhuang stopped 1 line          |
| Total lines stopped 14, started 45         | Total stopped 6 lines and started 19 |

Estimated total annual production of screens 96.44M, Cones production at 86.44M.

Copper price increased. *DY* price increased; especially for 21" it increased by US6. Although color tube price has increased, but in fact it was only converted into materials price ups, the tube itself did not have much profits.

Chief Secretary Yang: First of all, inventory has to be reduced to zero, and ultimately come to an appropriate reserved inventory. Currently, there are 5-6M extra capacity, and the entire industry shall consume this capacity by limiting production. It is recommended to cease production and limit production in order to ease the seriously oversupplied situation for color tubes in 2007, each maker shall consolidate its own condition and stop production for an accumulated 30 days for the whole year.

As to Chief Secretary Yang's recommendation, each has expressed comments as follow:

Novel Sun: Agreed.

Xinjun Yang: Voluntarily reduce capacity, follow the rules of the game, and agree with Chief Secretary's recommendation.

BMCC Heng Zhen: Support the healthy development of the industry as a priority, agree to Chief Secretary's proposal to invite CPTF into the industry. In addition, it is hoped that each company would try to increase export volume, but would need to understand the composition of the current import data of 11M.

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Samsung Ha: The decision to completely stop production is out of his authority, it is to be determined.

Shuguang Yang: Need to be confirmed.

Huafei Sheng: Based on market condition, respective companies shall initialize active and flexible strategy in stopping production; since by stopping production blindly brings significant impact on any company, it can be based on model types and consolidated golden week/summer vacation types of methods to confirm the condition of stopped production.

Irico Yao: Agreed to limit production, and agrees with Huafei's suggestion. Proposed to immediately implement limited production and stop production in *Q4*. As far as Fuzhou, he agreed to Chief Secretary Yang's recommendation, as far as CPTM exported to China close to 6M color tubes, he is considering whether there exists a anti-dumping issue.

Chief Secretary Yang: Material prices are increasing, especially the foreign materials factories, this is a disadvantage to CPTM. Currently, the entire *CRT* industry focus is on China. Domestic cost has the most competitive edge, if the domestic factories suffer losses, the foreign factories for sure will lose money. Therefore, it is proposed to each company accumulatively stop overall production for 1 month, and take up industry monitoring mechanism.

Chief Fan's proposal resolution draft: detailed in *WORD* document.

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## 2006 年彩管行业总经理会议会议纪要

会议时间：2006 年 11 月 21 日

会议地点：上海 华夏宾馆

与会单位及人员：

北京松下 范文强 横枕光则 李大林 迟永纯 卢丽曼 黄海

咸阳彩虹 中小琳

赛格日立 杨国钧 贾建民 郭鹏

长沙曙光 杨亚平 冯靖

LPD 韩在琯 卢滢元 丁江南

南京华飞 盛建忠 张德柱 许明晖

上海永新 孙伟 李雷 叶青

三星 SDI 河侯穆 李昌焕 谢云 文静

汤姆逊 韩达德 辛鹏

新骏 杨向杰 王志伟

主要内容：

杨秘书长主持，致开幕词。

范会长致辞：这次总经理会议是一次关键的会议，大家在此研讨明年的市场形势，力求稳定环境，寻求行业健康发展。

### 议题一：信息员代表汇报当前彩电彩管行业现状及今后市场的预测（详见 PPT）。

杨秘书长：针对信息员的汇报，提出如下意见：以后的市场汇报应增加平板彩电市场对 CRT 彩电的冲击分析；07 年 CRT 产能增加，会对 CRT 销售产生重大问题，原因在于材料奇缺，玻壳因产能下降而涨价。屏的产能下降 15.9%，锥的产能下降 19.3%。现在急需解决的问题，CRT 今后该如何发展？如何限产保价？为了保持利润，在 07 年的 CRT 市场应实现产能最优化而不需大量生产。据了解，目前有几条 LCD 线上马，产能扩大。32LCD 屏价格下降 10%，与以前 34FS 相比，价格还要便宜。因此，建议面对 07 年 Q1 市场恶化，06 年圣诞节出口萎缩的局面，明年春节比较晚，彩管销售淡季较长，销售压力很大。但是，今年 Q2 有些彩管企业低价抛售的彩管，现在彩电厂还在消化这些库存，影响很不好。所以，建议各彩管厂家为了客户和市场多做一点实事。

### 议题二：彩管行业如何深入沟通协作，共同迎战 06 年 Q4 和 07 年 Q1

杨秘书长：针对 06 年 Q4 和 07 年 Q1 的市场情况，行业如何自律？维持 Q4 的价格，如何应对 07 年 Q1？请各个公司发表意见。

北松 横枕：06 年 Q4 比较困难。05 年年底和 06 年年初春节前后，已按约定调整生产。对于新增生产能力，各家如何联合解决此问题。最重要的一点是，各家尽量区分生产品种。

三星 河：06 年 Q4 即将过去，更重要是关注 07 年 Q1 的情况。三星集团规定每年年初事业部门领导调任，我希望明年不再负责中国彩管销售任务。据三星内部资料显示，2010 年中国国内 LCD 需求超过 2000 万。目前国内 CTV 需求在 4000 万以下，国内彩管产能在 7000 万以上。针对刚发表市场资料，中华映管改造 3 条生产线，三星暂时没有方案，想听听各家的意见。针对目前供求关系情况，各彩管厂家应互相交流信息，为求公司利润，共同谋划好的方案，LCD 在成本上有下降的空间，而 CRT 资材价格不容乐观，CRT 行业应考虑此方面因素，加强整个产业链的信息沟通。据 SDI 内部分析，CDT 价格下降 14%，而成本仅下降 3%，预计 CPT 将出现与 CDT 类似情况。因此，建议各家在价格方面寻求合作，共同解决材料价格问题。

曙光 杨：07 年公司事业计划相对 06 年有下降，07 年 Q1 成本上涨，预计不能保价，针对 07

年 Q1, 谈限产问题, 灰色库存很大, 这个数据的可靠性和准确性需要再考究。据了解, 国内一些大彩电厂库存大, 即使两个月不采购, 也可维持正常生产。

杨秘书长: 06 年 10 月份 CPT 产量 655 万只, 07 年 1 月份产量应为多少才能满足市场, 保价保库存?

曙光 杨: 大屏幕 LCD 价格下降, 32 34 以下 CRT 都会受到冲击, 受到积压。

三星 河: 担心 Q1 的情况, 我们开会需要解决, 我们是否可以把价格挺到年底, 需要行业措施。

华飞 盛: 面对 LCD 的冲击, 提议的限产保价措施, 行业需要重新思考一下, 保价的同时是否给新入行者更多机会增加了进口, 在此情况下, 我们应增加出口, 抵挡进口。06 年 Q3 行业涨价给进口带来了机会, 如何让其退出, 应做长远的考虑。根据往年的经验, 上半年是产大于销, 下半年销大于产。按以往经验, 各彩管厂会改造提速。如何控制?

彩虹 申: 限产——如果停产会给新增 CPT 厂带来机会, 行业应如何抵制进口? 彩虹目前扩大出口, 预计今年出口 600 万。据了解, 北欧 中欧地区消费者对平板无概念, 主流还是 CRT, CRT 市场份额 70%-80%。平板 20%左右。据了解, 北欧市场有 2400 万 CRT 彩电需求。中国限产限价可能性小, 因为刚进入淡季, 价格就有所松动, CTV 厂家掌握了动向, 实行了压价策略。行业应如何健康发展? 澄清一下, 日前彩虹 K 线因考虑成本原因, 暂无生产计划。28/29 英寸在老线上生产。

汤姆逊 韩: 彩管厂正处于供应商与客户夹缝之间, 上游材料在不断涨价, 下游 CTV 厂在不断压价。如果限产保价, 会给新加入者和进口管机会。日前供大于求的情况, 不采取限产, 也没有更好的办法。东莞工厂 11 月停产 7 天, 不是因为卖不出去, 而是不想生产太多, 希望控制价格。07 年 Q1 市场很困难, 主要机会是出口。目前中国地区产能在增加, 而全球其它地区产能在减少。据了解, 明年西欧的需求在 1200-1500 万, 部分来自中国, 对于限产保价表示赞同。

永新 孙: 建议各家对信息员的市场汇报提出的问题进行探讨: 一 针对 06 年 Q4 07 年 Q1 市场提出解决问题的相应对策, 库存增加原因, 为什么新增产能? 二 如何解决新增的产能?

范会长: 针对欧盟反倾销, 起诉的两家已经倒闭, 欧洲 CRT 产量有 1100 万, 其中汤姆逊 600 万 三星 500 万, 而西欧市场需求 1500 万, 俄罗斯市场需求 1000 万。

有关中国彩管出口欧洲的反倾销已经撤消 (11/16), 但是对彩电的限制还没有取消。如果彩电来自中国彩管, 是不是还是受到限制, 还需要研究。鉴于 LCD 能耗是 CRT 的三倍, 英国建议彩电进行分级销售, 将 LCD 彩电定于三级。针对新增产能中华映管和常州宝马, 实行分品种协商策略。

新骏 杨: 针对行业的新加入者, 是否采用对话形式。

杨秘书长: 常州宝马因侵犯知识产权, 对行业不可能造成影响。福州中华, 当初国家全部外销, 做 CDT。现在福州可以做 CPT 业务, 又是厦华的大股东。行业希望能够派代表与他们协商, 邀请其入行, 统一规范。华映马来西亚是否会减产, 对全球的影响应深入了解? 贸易逆差来自于马来西亚的原因, 他们出口管子到中国, 再作成整机再出口, 要收取 12% 的关税。

范会长: 华映马来西亚有什么产能上的变化?

三星 河: 据了解, 华映马来西亚停 1 条线, 中华福州开 3 条线。三星 马来西亚 12 月份停 1 条线。

杨秘书长: 本次会议的目的是希望各家在年底不亏损, 建议采取限产保价的策略。

对于信息员报告中提到新增的产能, 目前可不考虑彩虹和常州宝马。中华福州邀请其入行。

### 议题三: 针对库存上升, 07 年 Q1, 请各家提提看法?

新骏 杨: 07 年 Q1 限产保价, 对于 Q1 市场整体投放量, 需再整体考虑。

杨秘书长: 以销定产, 不盲目扩大生产。

彩虹 申: 建议春节期间停产, 来限产保价, 给公司和员工带来双赢的局面。

三星 河: 淡季特点: 供大于求, CTV 厂拿大单 (大单价格下降 5% 以上) 与 CPT 厂低价签定合

同。如果接受此类大单，牺牲行业价格，将会给行业发展带来很大影响。同行业经营环境不善，CTV 厂家要求越来越苛刻，例如长虹 VMI 结算方式，这些例如 VMI 方式或者变更付款期限，都严重影响了行业的健康发展。

#### 议题四：如何针对 Q4 材料采购形势？

杨秘书长：

|                 |               |
|-----------------|---------------|
| 屏产能下降 23.7%     | 锥 产能下降 19.3%  |
| 安彩停 11 条 开 14 条 | 安彩停 4 条       |
| 旭电子 停 2 条       | 长沙停 1 条       |
| 石家庄 停 1 条       | 石家庄停 1 条      |
| 共计停 14 条 开 45 条 | 共计停 6 条开 19 条 |

预计全年屏生产 9644 万，锥生产 8644 万。

铜价格上涨。DY 价格上涨，尤其是 21 上涨 6 个美金。彩管虽然涨价，其实只是转移到材料涨价，本身没有赚多少钱。

杨秘书长：首先要作到无库存，然后作到适当的储备库存。目前多余的 500-600 万产能，整个行业采取限产方式把它消耗掉。建议为了缓和 2007 年彩管严重供大于求的局势，会议提议停产限产，每家结合自身情况全年整体停产累计 30 天。

对于杨秘书长的建议，各家表态：

永新 孙：表示赞同。

新骏 杨：主动将产能降低，遵守游戏规则，赞同秘书长的意见。

北松 横枕：首先支持行业的健康发展，对于秘书长提出的邀请中华福州入行表示赞同。另外，希望各公司尽量增加出口，针对目前的进口数据 1100 万，需要了解一下构成。

三星 河：完全停产超过他的决策范围，待定。

曙光 杨：需要再确定。

华飞 盛：根据市场情况，各公司采取主动灵活的停产策略，因为任何公司盲目的停产影响很大，可根据品种和结合黄金周/复假等方式来确定停产情况。

彩虹 姚：对于限产表示赞同，同意华飞的建议。提议 Q4 马上实施限产 停产。对于福州的事宜，赞同杨秘书长的建议，针对中华马来西亚出口到中国将近 600 万的彩管，是否考虑存在反倾销问题。

杨秘书长：现在材料涨价，尤其是国外的材料工厂，这个对中华马来西亚不利，目前整个 CRT 产业的重心在中国。国内成本最具有竞争力，如果国内亏损，国外厂家一定亏损。所以提议全年各个公司累计整体停产 1 个月。并采取行业监督机制。

范会长的提议的决议草案，详细 WORD 文件。



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# Regular Sales and Marketing Meeting

December

Sales and Marketing Department 12/20/2006

Due to the CRT television market's continued weakness, TCL, Konka, Skyworth, and other major makers of whole sets saw their inventory of color TVs rise to 5.46M sets, and their inventory of color tubes rise to 4.32M pieces. The major whole-set makers are all domestic and foreign publicly listed companies, and in order to give their investors a satisfactory annual report, they need to greatly digest their color TV and color tube inventories before the end of the year. So they greatly reduced December production plans and cut back on their color tube purchases, causing the color tube market's sales to be unusually bleak.

## I. Color TV Market

1. Domestic CTV market is weak. Konka, Changhong and other whole-set factories have adopted low price promotions for 21" FS and 21"PF. But effects are quite minor; flatscreen TV prices continue to drop, impacting CRT market.

Sales and Marketing Department's client tracking and market research results show:

Urban markets: Domestic CTV market sales are light, sales are mainly 29" PF, which represent 36.8% of the market share. Konka, Changhong and other whole-set makers have adopted low price promotions for 21" FS and 21" PF, but have not achieved desired effect. LCD TV prices continue to drop. This is impacting CRT TV markets in first- and second-tier markets.

Rural Markets: Research conducted on third- and fourth-tier markets in Henan, Shandong, Sichuan, Shaanxi, and other places show that rural color TV markets are still not effectively activated. This may be related to 2007 lunar new year being relatively late. The products sold are mainly 21" to 29" TVs. Pure flat color TV represent an increasing percentage of sales. Currently CTV price decrease pressure is relatively large.

China Market Monitor's data shows: From January to October 2006 domestic CTV sales totaled 26.571M sets, a 11.5% YOY decrease, of which CRT color TV sales totaled 23.259M sets, a 16.5% YOY decrease. LCD and PDP flatscreen TVs combined sold 3.039M sets, of which LCD sales were 2.615M, a 192.5% YOY increase, and PDP sales were 424K, a 4.9% YOY increase; flatscreen TVs make up 63.2% of total TV sales revenue, continuing to surpass CRT TV revenue.

2. Export markets continue to trend light

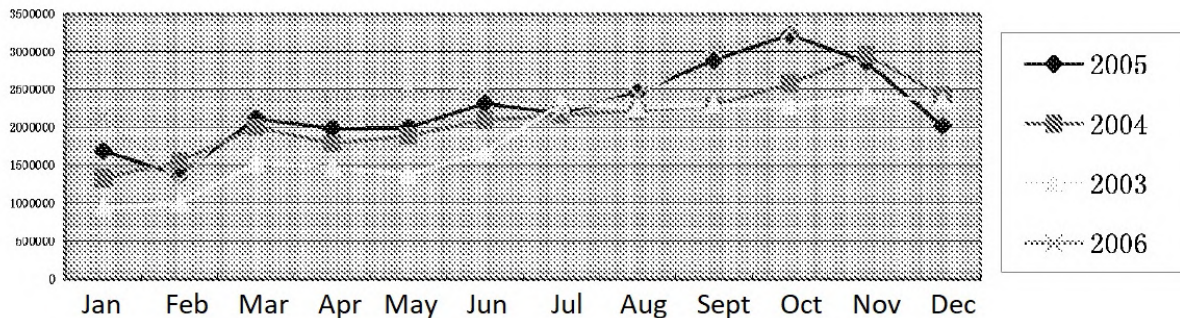
Based on customs statistics, October Chinese CRT color TV exports were 3.283M sets, 1.9% YOY growth; export revenue was \$253.37M USD, a 2.7% YOY decrease; export average unit price was \$77.2 USD, a 4.2% YOY decrease.

From January to October Chinese CRT color TV exports were 24.033M sets, an 8.2% YOY growth. Currently export market has entered slow season. For monthly Chinese CRT color TV export trends from 2003 to 2006, see below graph.

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Chinese CRT TV export monthly trends



## II. Whole-set Makers' Business Condition

### 1. 06/05 YOY comparison of production, sales, and inventory for the 7 major makers (total volume)

(Unit: 10K sets, 10K pieces)

|                 | CTV produced | CTV sales | CTV inventory | CTV exports | CRT inventory |
|-----------------|--------------|-----------|---------------|-------------|---------------|
| Nov 2006        | 439.4        | 417.7     | 546           | 134.9       | 432           |
| Nov 2005        | 578.9        | 509.7     | 485.2         | 166.4       | 124.1         |
| '06/'05         | -24.1%       | -18.0%    | 12.5%         | -18.9%      | 248.1%        |
| Jan to Nov 2006 | 3866.2       | 3933.9    | 546           | 1385        | 432           |
| Jan to Nov 2005 | 4098.1       | 4171.8    | 485.2         | 1392.7      | 124.1         |
| '06/'05         | -5.7%        | -5.7%     | 12.5%         | -0.6%       | 248.1%        |

### 2. Nov 2006 / Oct 2006 MOM comparison for the 7 major makers (total volume)

(Unit: 10K sets, 10K pieces)

|                | CTV produced | CTV sold | CTV inventory | CTV exports | CRT inventory |
|----------------|--------------|----------|---------------|-------------|---------------|
| Nov 2006       | 439.4        | 417.7    | 546           | 134.9       | 432           |
| Oct 2006       | 451.2        | 431.9    | 473           | 158.5       | 444.2         |
| Month on Month | -2.6%        | -3.3%    | 15.4%         | -14.9%      | -2.7%         |

The chart above shows, comparing November to October, CTV production and sales dropped 10.6% and 4.9% respectively, inventory grew 4.1%, CTV exports dropped 6.8%, and CRT inventory grew 6.5%.

### 3. Jan-Nov 2006 / Jan-Nov 2005 production, sales, and inventory comparison by product type for the 7 major makers.

#### Jan-Nov 2006 / Jan-Nov 2005 production volume comparison (by product type) for the 7 major makers

(Unit: 10K sets)

|       | 14"       | 15"<br>PF | 21"<br>S | 21"<br>PF | 21"<br>SS | 25"<br>FS | 25"<br>PF | 28"<br>W | 29"<br>FS | 29"<br>PF | 29"<br>SS | 34"<br>FS | 34"<br>PF | 32"<br>W | 32"<br>SS | Total |
|-------|-----------|-----------|----------|-----------|-----------|-----------|-----------|----------|-----------|-----------|-----------|-----------|-----------|----------|-----------|-------|
| '06   | 232<br>.9 | 90.<br>2  | 1192.2   | 647.<br>2 | 139.<br>7 | 301.<br>7 | 256.<br>5 | 36.6     | 140.<br>1 | 677.<br>8 | 36.6      | 24.6      | 52.5      | 11.7     | 25.7      | 3866  |
| '05   | 342       | 93        | 1235     | 609       | 13        | 424       | 321       | 4        | 212       | 652       | 3         | 54        | 76        | 5        | 1         | 4098  |
| 06/05 | -31       | -3.0      | -3.5%    | 6.3%      | 974       | -28.8     | -20.1     | 815      | -33.9     | 4.0%      | 1120      | -54.4     | -30.9     | 134      | 2470      | -5.7% |

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|   |    |   |  |  |    |   |   |    |   |  |     |   |   |    |     |   |
|---|----|---|--|--|----|---|---|----|---|--|-----|---|---|----|-----|---|
| % | 9% | % |  |  | 6% | % | % | 0% | % |  | .0% | % | % | 0% | .0% | - |
|---|----|---|--|--|----|---|---|----|---|--|-----|---|---|----|-----|---|

The above shows, Jan – Nov '06 production volume dropped 5.7% compared to the same period in '05, product makeup continued to develop towards flatscreens and wide screens.

Jan-Nov '06 / Jan-Nov '05 sales comparison (by product type) for the 7 major makers

(Unit: 10K sets)

|           | 14"    | 15" PF | 21" FS | 21"PF | 21" S   | 25" FS | 25" PF | 28" W   | 29" FS | 29" PF | 29" S  | 34" FS | 34" PF | 32" W   | 32" S  | Total  |
|-----------|--------|--------|--------|-------|---------|--------|--------|---------|--------|--------|--------|--------|--------|---------|--------|--------|
| '06       | 222.8  | 90.3   | 120.7  | 675   | 129     | 338.3  | 255.7  | 36.3    | 136.5  | 707.1  | 24.9   | 26     | 56.3   | 11.6    | 23.4   | 3933.9 |
| '05       | 335    | 80     | 128.9  | 616   | 11      | 451    | 328    | 3       | 229    | 654    | 3      | 63     | 86     | 1       | 5      | 4172   |
| 06/05 (%) | -33.5% | 12.9%  | -6.9%  | 9.6%  | 1072.7% | -25.0% | -22.0% | 1110.0% | -40.4% | 8.1%   | 730.0% | -58.7% | -34.5% | 1060.0% | 368.0% | -5.7%  |

Nov '06 / Nov '05 CTV inventory comparison (by product type) for the 7 major makers

(Unit: 10K sets)

|           | 14"   | 15" PF | 21"FS | 21"PF | 21" S | 25"FS  | 25" PF | 28"W | 29" FS | 29" PF | 34"FS | 34"PF  | 32"W | Total |
|-----------|-------|--------|-------|-------|-------|--------|--------|------|--------|--------|-------|--------|------|-------|
| '06       | 11.1  | 0.5    | 147.6 | 119.1 | 11.5  | 72.9   | 48.8   | 3.2  | 25.3   | 90.8   | 6.2   | 5.3    | 3.7  | 546   |
| '05       | 6.7   | 2.3    | 131.1 | 70.9  | 0     | 87.8   | 45.7   | 0    | 23.9   | 98.9   | 4.7   | 11.2   | 0    | 485.2 |
| 06/05 (%) | 65.7% | -78.3% | 12.6% | 68.0% | //    | -17.0% | 6.8%   | //   | 5.9%   | -8.2%  | 31.9% | -52.7% | //   | 12.5% |

We can see from the above chart, Nov '06 inventory grew 12.5% compared to the same period in '05. Looking at product type, 14" inventory grew 65.7%, 21"FS inventory grew 12.6%, 21"PF inventory grew 68%.

#### 4. Latest business status of the 7 major makers

##### (1) TCL

Originally planned to produce 800K sets for December domestic sales. Due to lack of action in CTV sales market, cut production for domestic sales by 100K sets in order to cut CTV inventory. Since Lee Dong Sheng took back control, TCL has adopted a plan to keep lowering inventory. By the end of November, TCL CRT inventory was 400K pieces, its CRT purchases will proceed according to plan.

##### (2) Konka

Low price promotion for 21"FS and 21"PF CTVs at end of November, but results were small. At end of November CRT inventory was 860K pieces. In November and December Konka's export orders saw relatively large weakening, with HK Konka having 300K export CRTs in inventory. The Group has asked domestic sales to help export sales digest inventory.

##### (3) Skyworth

800K pieces of CRT in inventory for domestic sales. Multimedia stored some CRTs for export in the prior period. Now due to weakening export market, purchasing chief Zhao asked domestic sales to assist Multimedia in digesting CRT inventory. Skyworth currently mainly buys 29"PF, 29"SS, 28"PF, 32"PF and 34"PF, etc., basically doesn't buy other types. Skyworth reached a 29"SS purchase agreement with Samsung,

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will buy 50-60K pieces per month, Samsung gave price discount.

(4) Changhong

CRT inventory: 1M pieces. In Dec and Jan '07 mainly digesting CRT inventory, planning to control CRT inventory to ~150K pieces by end of Jan '07; In November Changhong's settled accounts with CRT makers represented very small volumes, and not even a single piece with Novel. CRT purchase volume in December was relatively small.

(5) Hisense

Produced 573K sets, sold 465K sets, had 700K CTV inventory, and 550K CRT inventory in November. These were mainly 21"FS, 21"PF, and 25"FS. They estimate needing until end of Jan '07 to finish digesting these. Hisense originally planned to produce 1.06M sets in December, but because market sales are poor, now cut to 560K sets. Also, Hisense Purchasing Center implemented SRM system, compressing CRT supply time, reducing demand on cash.

(6) Haier

Planned to produce 480K sets in December, though last December produced 900K sets, a 46.7% reduction YOY. 200K CRT in inventory. Haier is pessimistic about the market in the latter half of the year, and is currently mainly producing 29"PF and 21" ultrathin, buys relatively few CRTs for mid-and-small screens.

(7) XOCECO

CRT inventory: 200K pieces, main suppliers are IRICO, Samsung, and Chunghwa Picture Tubes (CPT). In '07 the volume supplied by CPT will increase greatly. Relying on their advantage as controlling shareholder, CPT is accelerating new product development at XOCECO. They have already provided sample tubes for the 21"SS, sending a small lot of pilot tubes from Malaysia. They are currently testing heat capability of sample tubes for the 29"AK.

**From all the above, we can see that the domestic CTV market is weak, that the major TV factories have stubbornly high CTV inventories and are therefore cutting December production plans, and are mainly focused on digesting CTV and CRT inventories.**

5. Dec '06 and Jan and Feb '07 production forecast for the 7 major TV makers

(Unit: 10K sets)

|         | Subtotal | TCL | Konka | Skyworth | Changhong | Hisense | Haier | XOCECO |
|---------|----------|-----|-------|----------|-----------|---------|-------|--------|
| Dec '06 | 421      | 90  | 73    | 53       | 70        | 56      | 48    | 31     |
| Jan '07 | 459      | 95  | 80    | 70       | 70        | 60      | 54    | 30     |
| Feb '07 | 312      | 89  | 55    | 37       | 55        | 30      | 28    | 18     |
| Total   | 1192     | 274 | 208   | 160      | 195       | 146     | 130   | 79     |

December production plan is 4.21M sets, a large 24% decrease compared to the 5.78M sets produced in Dec '05.

III. CRT Industry Status

Actual Industry Production and Sales

1. Oct / Nov '06 business comparison

Oct / Nov '06 business comparison (total volume)

(Units: 10K pieces)

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|               | Production | Sales  | Inventory | Export |
|---------------|------------|--------|-----------|--------|
| November 2006 | 653.2      | 558.2  | 405.9     | 220.9  |
| October       | 657.2      | 660.4  | 346       | 264.3  |
| MOM change %  | -0.6%      | -15.5% | 17.3%     | -16.4% |

In November the CRT industry's production, sales, and exports fell 0.6%, 15.5%, and 16.4% respectively, and inventory grew 17.3%.

Oct / Nov '06 comparison for the CRT industry (by product type)

(Unit: 10K pieces)

|                | 14"    | 15"PF  | 21"FS  | 21"PF  | 21"SS  | 25"FS | 25"PF  | 29"FS  | 29"PF | 29"SS  | 28"   | 32"    | 34"FS  | 34"PF  | Total  |
|----------------|--------|--------|--------|--------|--------|-------|--------|--------|-------|--------|-------|--------|--------|--------|--------|
| Nov production | 53.8   | 3.7    | 184.3  | 111.2  | 45.7   | 49.5  | 31.9   | 13.5   | 117   | 18.8   | 8.6   | 2.4    | 5.8    | 7.3    | 653.5  |
| Oct production | 52.6   | 8.6    | 172.4  | 129.9  | 52.7   | 34    | 31.1   | 16.9   | 122.7 | 20.8   | 4.5   | 3.5    | 3.3    | 4.2    | 657.2  |
| MOM            | 2.3%   | -57%   | 6.9%   | -14.4% | -13.3% | 45.6% | 2.6%   | -20.1% | -4.6% | -9.6%  | 91.1% | -31.4% | 75.8%  | 73.8%  | -0.6%  |
| Nov sales      | 41.8   | 5.7    | 146.1  | 90.9   | 38.9   | 41.1  | 30.7   | 10     | 112.8 | 16.6   | 7.4   | 3.3    | 5      | 7.9    | 558.2  |
| Oct sales      | 55.6   | 8.1    | 174.1  | 119    | 44.7   | 44.1  | 36.6   | 14.9   | 122.1 | 20.5   | 7     | 3.5    | 4.7    | 5.5    | 660.4  |
| MOM            | -24.8% | -29.6% | -16.1% | -23.6% | -13.0% | -6.8% | -16.1% | -32.9% | -7.6% | -19%   | 5.7%  | -5.7%  | 6.4%   | 43.6%  | -15.5% |
| Nov export     | 39.2   | 5.4    | 56.8   | 50.0   | 18.9   | 7.5   | 2.5    | 8.9    | 23.8  | 5.6    | 0     | 0.4    | 1.4    | 0.5    | 220.9  |
| Oct export     | 40.7   | 7.8    | 67.6   | 55.8   | 22.6   | 7.9   | 3.7    | 13.5   | 30.5  | 8.9    | 0     | 1.5    | 1.6    | 2.2    | 264.3  |
| MOM            | -3.7%  | -30.8% | -16.0% | -10.4% | -16.4% | -5.1% | -32.4% | -34.1% | -22%  | -37.1% | //    | -73.3% | -12.5% | -77.3% | -16.4% |
| Nov inventory  | 45.8   | 0.7    | 72.6   | 99.3   | 30.8   | 32.7  | 21.9   | 31.2   | 49.9  | 5.2    | 1.5   | 2      | 7.6    | 4.7    | 405.9  |
| Oct export     | 43.8   | 2.7    | 44.4   | 84     | 29     | 24.3  | 23.7   | 27.7   | 46.1  | 3      | 0.3   | 2.9    | 6.8    | 7.3    | 346    |
| MOM            | 4.6%   | -74.1% | 63.5%  | 18.2%  | 6.2%   | 34.6% | -7.6%  | 12.6%  | 8.2%  | 73.3%  | 400%  | -31%   | 11.8%  | -35.6% | 17.3%  |

November production for all types fell 0.6% MOM, with all types seeing different degrees of decrease except for growth in the 14", 21"FS, 25"FS, 25"PF, 28"PF, 34"FS, and 34"PF. November sales fell 10.2% MOM, with all types seeing a decrease except for growth in the 28"PF, 34"FS, and 34"PF. November exports fell 16.4% MOM, with all types seeing a decrease. November inventory grew 17.3% MOM, with inventory concentrated in the 14", 21"FS, 21"PF, 25"FS, 29"FS, 29"PF and the inventory for these 6 types making up 81.6% of total inventory.

## 2. Nov '06 CRT industry total production and sales (by company)

China CRT industry Nov '06 business data

(Unit: 10K pieces)

|                                      | BMCC  | SEG Hitachi | Huafei | Novel | Thomson | LG Shuguang | Samsung | Irico | Total |
|--------------------------------------|-------|-------------|--------|-------|---------|-------------|---------|-------|-------|
| Production                           | 80    | 58.5        | 79.6   | 49.7  | 86.3    | 62.8        | 96.1    | 140.5 | 653.5 |
| Sales                                | 69    | 48.9        | 71.2   | 35.4  | 73.4    | 50          | 89.8    | 120.5 | 558.2 |
| Sales as percentage of production    | 86.3% | 83.6%       | 89.4%  | 71.2% | 85.1%   | 79.6%       | 93.4%   | 85.8% | 85.4% |
| Exports                              | 32    | 30.1        | 31.3   | 3.9   | 11      | 36.9        | 36.4    | 39.3  | 220.9 |
| Exports as percentage of total sales | 46.4% | 61.6%       | 44%    | 11%   | 15%     | 73.8%       | 40.5%   | 32.6% | 39.6% |
| Inventory                            | 59.7  | 40.6        | 60.8   | 51    | 65.4    | 31          | 33.4    | 64    | 405.9 |

The above shows: In November, industry production and sales both fell, inventory clearly grew, and sales as a percentage of production was 85.4%.

China CRT industry Jan to Nov '06 business data

(Unit: 10K pieces)

|  | BMCC | SEG Hitachi | Huafei | Novel | Thomson | LG Shuguang | Samsung | Irico | Total |
|--|------|-------------|--------|-------|---------|-------------|---------|-------|-------|
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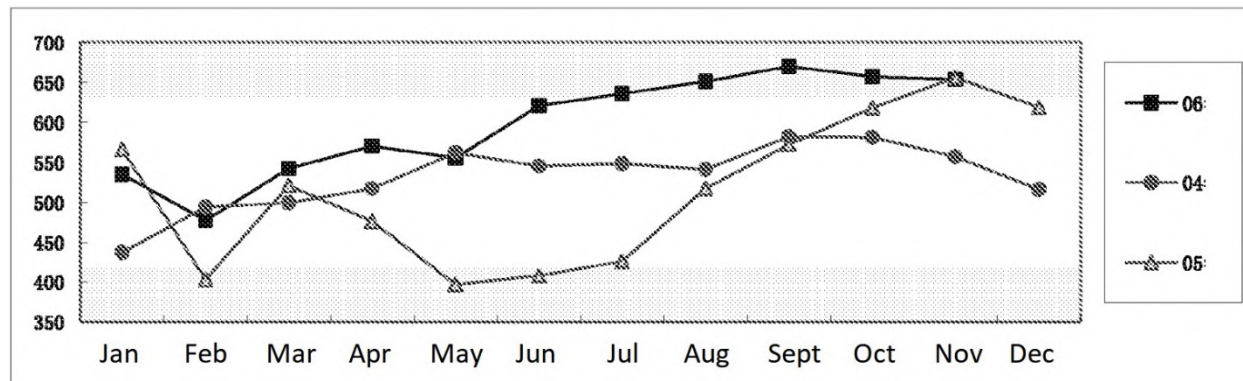
|                                     |       |       |       |       |       |       |       |        |        |
|-------------------------------------|-------|-------|-------|-------|-------|-------|-------|--------|--------|
| Production                          | 850.6 | 549.9 | 775.5 | 449.1 | 898   | 668.2 | 986.1 | 1407   | 6584.4 |
| Sales                               | 816.7 | 527.9 | 738.6 | 401.5 | 847   | 652.7 | 968.9 | 1380.3 | 6333.6 |
| Sales as a percentage of production | 96.0% | 96.0% | 95.2% | 89.4% | 94.3% | 97.7% | 98.3% | 98.1%  | 96.2%  |
| Exports                             | 377.9 | 350.5 | 349.9 | 69.6  | 310.7 | 373.2 | 372   | 545.5  | 2749.3 |
| Export as percentage of total sales | 46.3% | 66.4% | 47.4% | 17.3% | 36.7% | 57.2% | 38.4% | 39.5%  | 43.4%  |
| Inventory                           | 59.7  | 40.6  | 60.8  | 51.0  | 65.4  | 31    | 33.4  | 64.0   | 405.9  |

The above table shows: The CRT industry in January – November still had an oversupply. Sales as a percentage of production was 96.2%. The inventory was 4.059 million pieces.

### 3. CRT Industry Production and Sales Situation for January – November 2006 (by Product Type)

| CRT Industry Business Data for January – November 2006 (by Product Type) |       |        |        |        |       |       |       |       |        |       |       |       |       |        | (Unit: 10K Pcs) |  |
|--|-------|--------|--------|--------|-------|-------|-------|-------|--------|-------|-------|-------|-------|--------|-----------------|--|
|  | 14"   | 15"PF  | 21"FS  | 21"PF  | 21"SS | 25"FS | 25"PF | 29"FS | 29"PF  | 29"SS | 28"   | 32"   | 34"FS | 34"PF  | Total           |  |
| Production   | 594.2 | 58.1   | 1796.1 | 1364.7 | 358.3 | 435.4 | 322.4 | 200.2 | 1139.2 | 114.9 | 43.6  | 36.3  | 47.9  | 73.4   | 6584.4          |  |
| Percentage   | 9.0%  | 0.9%   | 27.3%  | 20.7%  | 5.4%  | 6.6%  | 4.9%  | 3.0%  | 17.3%  | 1.7%  | 0.7%  | 0.6%  | 0.7%  | 1.1%   | 100.0%          |  |
| Sales  | 582.7 | 59.9   | 1734.9 | 1296.3 | 329.9 | 415.9 | 318.6 | 194.4 | 1090.7 | 110.2 | 41.5  | 34.1  | 45.8  | 77.6   | 6332.6          |  |
| Sales as a percentage of production                                      | 98.1% | 103.1% | 96.6%  | 95.0%  | 92.1% | 95.5% | 98.8% | 97.1% | 95.7%  | 95.9% | 95.2% | 93.9% | 95.6% | 105.7% | 96.2%           |  |
| Exports  | 495.4 | 57.4   | 703.4  | 632.2  | 147.9 | 75.2  | 43.9  | 170.7 | 320.4  | 48.3  | 1.4   | 5.9   | 27.3  | 19.9   | 2749.4          |  |
| Exports as a percentage of total sales                                   | 80.0% | 95.8%  | 40.5%  | 48.8%  | 44.8% | 18.1% | 13.8% | 87.8% | 29.4%  | 43.8% | 3.4%  | 17.3% | 59.6% | 25.6%  | 43.4%           |  |
| Inventory  | 45.8  | 0.7    | 72.6   | 99.3   | 30.8  | 32.7  | 21.9  | 31.2  | 49.9   | 5.2   | 1.5   | 2     | 7.6   | 4.7    | 405.9           |  |

### 4. CRT Industry Monthly Output Trend Chart (10K Pcs)



### 5. January – November '06 compared to January – November '05

(Unit: 10K pcs)

|                | Production | Sales  | Inventory | Exports |
|----------------|------------|--------|-----------|---------|
| Jan – Nov 2006 | 6584.4     | 6332.6 | 405.9     | 2749.4  |
| Jan – Nov 2005 | 5583.4     | 5620.9 | 155.3     | 2308.4  |
| '06/'05        | 17.9%      | 12.7%  | 161.4%    | 19.1%   |

It can be seen from the above table that the production, sales, inventory, and exports in the CRT industry in January – November 2006 increased by 17.9%, 12.7%, 161.4%, and 19.1%, respectively, compared with the same period in 2005. The increase in sales was mainly driven by an increase in CRT exports. Domestic CRT market still had an oversupply. The inventory volume of the CRT industry is 4.059 million pieces.

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## 6. CRT Makers' Output Forecast for December 2006

(Unit: 10K pcs)

|          | 14"   | 15"PF | 21"FS  | 21"PF | 21"SS  | 25"FS | 25"PF | 29"FS  | 29"PF | 29"SS | 28"    | 32"   | 34"FS  | 34"PF | Total |
|----------|-------|-------|--------|-------|--------|-------|-------|--------|-------|-------|--------|-------|--------|-------|-------|
| Dec 2006 | 50    | 7     | 163    | 104   | 39     | 49    | 34    | 7      | 124   | 22    | 6      | 3     | 5      | 7     | 620   |
| Nov 2006 | 53.8  | 3.7   | 184.3  | 111.2 | 45.7   | 49.5  | 31.9  | 13.5   | 117   | 18.8  | 8.6    | 2.4   | 5.8    | 7.3   | 653.5 |
| Nov/Oct  | -7.1% | 89.2% | -11.6% | -6.5% | -14.7% | -1.0% | 6.6%  | -48.1% | 6.0%  | 17.0% | -30.2% | 25.0% | -13.8% | -4.1% | -5.1% |

It is expected that the industry will have 6.2 million CRTs in December, a reduction of 5.1% compared with November. Except for increases in the 15"PF, 25"PF, 29"PF, 29"SS, and 32"PF product types, reductions of various degrees are planned for the production of all product types.

To sum up the upstream and downstream production situation, the seven major makers plan to produce 4.21 million sets in December. Calculating based on this, the total domestic output will be approximately 5.07 million sets. Yet the CRT production plan is 6.2 million pieces, for a CRT oversupply of 1.13 million pieces! Considering the net export is 0.3 million pieces, the CRT industry's inventory will rise to approximately 4.89 million pieces.

## 7. CRT Pricing

The Industry's Settled Price Ranges in Recent Months: (Unit: Yuan/Pc)

The Industry's Settled Price Ranges in Recent Months: (Unit: Yuan/Pc)

|                       | 14"     | 21" FS  | 21" PF  | 25" FS  | 25" PF  | 29" PF  |
|-----------------------|---------|---------|---------|---------|---------|---------|
| Aug 06                | 165~170 | 260~275 | 300~305 | 315~330 | 450~460 | 590~600 |
| Sep 06                | 165~170 | 265~275 | 305~310 | 330~350 | 450~460 | 580~590 |
| Oct 06                | 165~170 | 270~280 | 310~320 | 330~350 | 450~460 | 580~590 |
| Nov 06                | 160~165 | 265~275 | 310~320 | 330~350 | 450~460 | 580~590 |
| Prediction for Dec 06 | 155~160 | 260~270 | 300~310 | 330~340 | 445~450 | 585~590 |
| Prediction for Jan 07 | 155~160 | 255~265 | 295~305 | 325~335 | 435~445 | 585~590 |

## IV. Volume of IRICO Tubes Shipped

## ● Total Shipped Volume

The volume of CRTs shipped in January – November was 13.803626 million pieces (including 5.45472 million pieces exported). The product types are listed below (10,000 pieces):

| 14"      | 15" PF  | 21" PF   | 21" FS   | 25" FS   | 25" PF  | 29" PF | 34" PF |
|----------|---------|----------|----------|----------|---------|--------|--------|
| 382.2054 | 60.3931 | 248.2222 | 468.1039 | 125.6384 | 94.0461 | 1.5588 | 0.1947 |

Payment of 2.73465 billion yuan was made and received for the goods, and 0.128489 billion USD in foreign exchange was earned from the exports.

For this month, as of the 20th of December, [X] 10,000 pieces have been shipped, including [X] 10,000 pieces exported. Approximately 1 million pieces are expected to be shipped this month. It is expected that approximately 0.3 billion yuan will be paid and received for the goods.

## ● Rolling Sales Forecast for January 2007 – June 2007 (Please See the Attachment for Details.)

## ● CRT Exports

## 1. Export Volume This Month

In December (as of December 20), the shipment of exported CRTs is as follows:

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14" CRT: [X] 10,000 pieces; 15" PF CRT: [X] 10,000 pieces; 21" PF CRT: [X] 10,000 pieces; 21" FS CRT: [X] 10,000 pieces; 25" FS CRT: [X] 10,000 pieces. Total this month: [X] 10,000 pieces (including [X] 10,000 pieces by ocean freight). Foreign exchange earned from exports: 6.284 million USD.

## 2. Market Performance

In December, the ocean shipment volume reduced drastically compared with November. Based on our secured purchase orders, this month's exported CRT shipment volume is expected to reach approximately 260K pieces.

## 3. Price Trend\

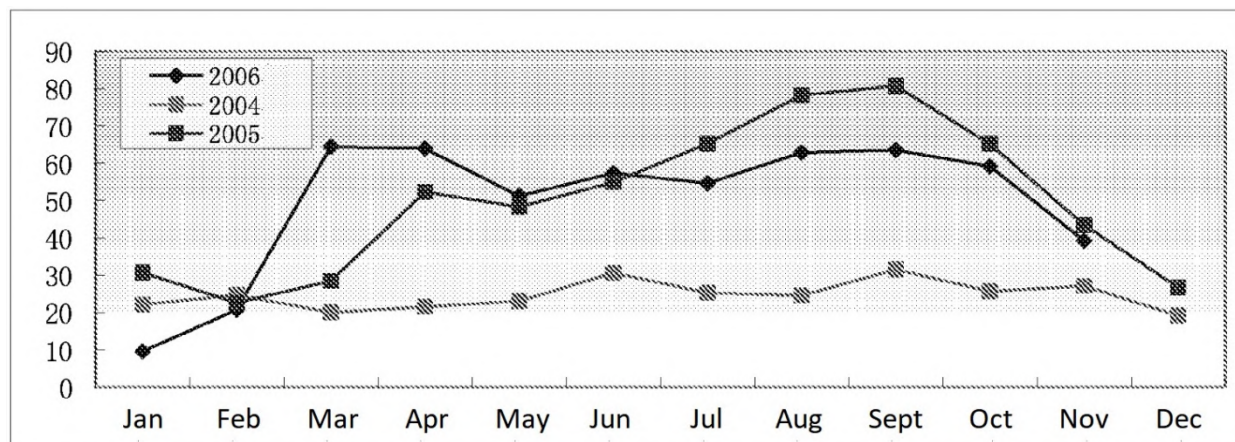
Export market prices: According to a market trend analysis, the prices of all product types are trending downward.

## 4. CRT Export Volumes and Trends

| Monthly Comparisons of Irico CRT Export Shipment Volumes, 2004–2006 |      |       |       |      |      |       |       |       |      |       |       |      | Unit: 10K Pcs |
|---|------|-------|-------|------|------|-------|-------|-------|------|-------|-------|------|---------------|
|   | Jan  | Feb   | Mar   | Apr  | May  | Jun   | Jul   | Aug   | Sep  | Oct   | Nov   | Dec  | YTD           |
| 2004  | 22.1 | 24.7  | 20    | 21.5 | 23   | 30.6  | 25.3  | 24.5  | 31.5 | 25.7  | 27.1  | 19.2 | 295.2         |
| 2005  | 30.7 | 22.6  | 28.4  | 52.3 | 48.3 | 54.85 | 65.23 | 78.16 | 80.7 | 65.15 | 43.47 | 26.7 | 596.6         |
| 2006  | 9.52 | 20.69 | 64.44 | 63.8 | 51.2 | 57.3  | 54.6  | 62.8  | 63.5 | 59.2  | 39.2  |      | 545.4         |

Irico CRT Export Monthly Trends, 2004–2006

Unit: 10K Pcs



## 5. The Markets

In December, deep processing settlements and ocean export sales continued to fall. The export market outlook in the late period is fairly grim.

### Turkish Market:

VESTEL Company: Early on, considering that there would be a shortage of resources for some product types because of some CRT makers in Southeast Asia shutting down or going out of business, VESTEL made anticipatory purchases. However, currently, its CRT inventory is high since the market situation is not as good as expected. It is expected that the digestion will last till February 2007. In addition, since Christmas and New Year's are approaching, all companies and customers are preparing for long vacations. Currently, it has no purchase plans.

The VESTEL Company has demand for 21"SS and 29"AK; arrangements are being made for sample sending. In addition, VESTEL has provided us with the 14" chassis that it commonly uses in the hope that the matching CRT will be provided.

### Eastern European Market:

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ROLSEN: 21"SS sample tubes failed their certification. The reason is the focus voltage is low and does not match the chassis that the customer commonly uses. It is necessary to change the flyback transformer. Regarding 14" DC16A, we are striving to get the first batch of purchase orders. However, the customer still hopes that the focus voltage issue can be improved.

SHIVAKI Company: 12"SS sample tubes have passed their certification. We're working on the first batch of purchase orders for 2304 pieces.

SOKOL Company: The first batch of purchase orders for 2304 pieces for the 14"DC16A have been received.

#### **Indian Market:**

PERMEDIA Company of India: A group including Mr. CHAWLA, company president, visited Irco. The two parties signed an agreement authorizing PRTMEDIA Company to be the agent for Irco's Indian market. This company has a close relationship with manufacturers in the color TV and CRT industries in India, and it has extensive CRT marketing experiences. It has served as an agent for Thomson Company for more than twenty years and sold CRTs to all major Indian color TV enterprises. In this current arrangement, the two parties agreed that we will first start with Irco's 14" and 15"PF CRTs and focus on breaking into the two major color TV manufacturers VIDEOCOM and ONIDA. The plan is to export 0.3 million CRTs to Indian market.

Our Indian customer the ALLIANCE Company: Told us that defects in the 14" CRTs reached 6%. Phenomena seen involved convergence, color purity, fire ignition, etc. The customer requested that engineers be sent to handle the defects.

The Indian color TV manufacturing industry expects to produce 12.5 million color TV sets in 2006. Of these, 14"/15" PF will account for 17%, 21"/21" PF will account for 65%; 29"PF will account for 7-8%; the remaining will be LCD and PDP products.

#### **Other Markets:**

We are vigorously developing the EU market and currently preparing to send sample tubes. We expect to enter the batch purchase stage in March 2007.

#### **Exports of Materials and Parts**

As of December 20, the foreign exchange earned from exports this year was 19.0037 million USD.

1. The total export of DY products was 2.8 million pieces. The expected export in January 2007: 200K pieces.
2. The total export of frame glass powder was 313.2 tons. The expected export in January 2007: 20 tons.
3. The total export of ZnS raw powder was 620 tons. The expected export in January 2007: 15 tons.
4. The total export of fluorescent powder was 296 tons. The expected export in January 2007: 10 tons.

#### **● New Product Market**

##### **◆ New Product Advancement:**

1. 21" PF Ultra Slim

Changhong and Konka: Completed all certifications.

TCL: Conducted tape-out of 20 pieces on November 29. Passed the aging test. Now contacting headquarters about the next step, the purchase orders.

Skyworth: The sample tubes that need to be re-certified were shipped via air on December 14.

Hisense: Sample tubes passed their certification. Conducted tape-out of 30 pieces on December 4. Everything's fine. The aging test is in progress.

Hefei Haier: The certification for the first-generation ultra slim has been stopped.

XOCECO: On December 11, tested the sample tubes sent and concluded that they meet requirements.

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Guangdong Changhong: The sample tubes passed their certification. Now following up with the tape-out for a small batch of 24 pieces.

Suzhou Bosun: The sample tubes basically passed the certification; however, the edge convergence is fairly poor.

2. 25" PFAK

Changhong, TCL, Hefei Haier, XOCECO: Completed all certifications.

Skyworth: The reshipped sample tubes passed their certification. On November 3, sent in an order for the tape-out of a small batch of 24 pieces. The manufacturing of the 24 pieces has not been completed yet.

Konka: The tape-out of a medium batch met requirements. The company will be purchasing a large quantity later.

Hisense: Sent in a December purchase order for 1,000 pieces. Requested the goods arrive on December 12.

Guiyang Hisense's tape-out of 200 pieces met requirements. The next step is to first use up the inventory of 400 pieces. Then it will issue purchase orders as planned.

Panda: Conducted tape-out of a large batch of 2480 pieces.

Soyea Technology: A small batch of 40 pieces passed their certification.

Irco Sales and Marketing Department  
December 20, 2006

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